
PART II - NARRATIVE

Section 7. Abstract

Hood River Production Program - Hatchery O&M

This cost sharing contract pays for the use, repair, and upgrades, as needed, of existing hatchery and extended rearing facilities at the Pelton Hydro-electric Project. These facilities are owned by PGE. ODFW was contracted by PGE to operate the original hatchery and ladder facilities to meet the mitigation assigned to the construction and operation of the Pelton Hydro-electric Project.

The cost to BPA of using these facilities to meet its mitigation responsibilities, as determined by the Fish and Wildlife Plan of NPPC, is based on the relative percentage of fish reared at the hatchery and in extended rearing cells in Pelton Ladder for BPA. Approximately 25 percent of the fish reared at the hatchery and 50 percent of the fish reared in the ladder are to BPA mitigation requirements. Thus, BPA reimburses PGE 25 percent and 50 percent of the O&M hatchery and ladder costs, respectively. The costs of any facility upgrades are reimbursed in a similar manner depending on the location of the upgrades (Hatchery or Ladder). BPA also reimburses PGE 25 percent of the costs of maintaining the living facilities occupied by ODFW hatchery staff and 25 percent of the rental and fuel of vehicles used by ODFW staff in the conduct of the rearing fish for BPA and PGE.

The expected results are the continued production of about 220K age 1 plus spring chinook that are released annually into the Deschutes (95K) and Hood River (125K) systems.

Section 8. Project description

a. Technical and/or scientific background

I. Purpose:

The purpose of this contract is to contribute to the successful and effective implementation of Fish and Wildlife Program Measure 703 (g) (3) as recommended by the Northwest Power Planning Council (NPPC) under the authority of the Pacific Northwest Electric Power Planning and Conservation Act of 1980 (Regional Power Act). Successful implementation of this contract will fulfill a portion of BPA's requirements under the Regional Power Act.

II. Background Information:

PGE owns and operates the Pelton Hydro-electric Project (Federal Energy Regulatory Commission #2030) located on the Deschutes River in Central Oregon. Pelton Ladder and Round Butte Hatchery are mitigation facilities whose objective is to compensate for hydroelectric project impacts on anadromous fish in the Deschutes Basin. ODFW, under contract to PGE, is responsible for all aspects of fish production needed to satisfy the mitigation requirements of the construction and operation of the original Pelton Hydro-electric Project.

Anadromous fish brood stock (spring Chinook and summer steelhead) for the hatchery are collected at a trap near the outfall of Pelton Ladder. These fish are transported to a holding facility at Round Butte Hatchery and held until they reach spawning condition. Eggs are collected and incubated at Round Butte Hatchery. Juvenile spring chinook are taken from the hatchery in October (at about 6 months of age) and placed in six rearing cells in Pelton Ladder. The fish are reared in these cells until the following spring (April) when they are either allowed to migrate from the ladder into the Deschutes River of their own volition or are transported to another system. The ladder and associated rearing facilities receive annual maintenance sometime during the months of July through October.

Pelton Ladder was constructed as an adult fishway to pass fish from below the Pelton Regulating Dam into Lake Simtustus above Pelton Dam. Passage for adult fish was discontinued after it was determined that juvenile passage facilities at Round Butte Dam failed to effectively pass juvenile salmonids. Sometime after passage was discontinued about 300 yards of the downstream portion of the ladder was converted into three extended rearing cells for spring chinook. This method of rearing and releasing spring chinook has proved very successful. For example, two to three times more adults return from Pelton Ladder releases than from other similar hatchery operations.

The objective of NPPC's Fish and Wildlife Program Measure 703 (g) (3)] was to expand an already proven spring chinook production action at Round Butte Hatchery and Pelton Ladder. PGE agreed, (contingent on its successful mitigation program not being compromised) to allow BPA to expand the hatchery and ladder production facilities and to use these facilities to rear those Deschutes River Spring Chinook needed to meet the goals of NPPC's Fish and Wildlife Program Measure 703 (g) (3).

Accordingly, BPA contracted with ODFW and PGE to construct three additional smolt rearing cells and associated modifications at Pelton Ladder and the additional facilities modifications at Round Butte Hatchery to rear and stock these three cells with Deschutes River Spring Chinook. In addition, BPA agreed to fund those hatchery operations actions (a contract with ODFW) necessary to produce and rear approximately 220,000 spring chinook for release into the Deschutes (95,000) and Hood River Basins (125,000) and to share in the funding (on a prorated basis) of those actions necessary to operate and

maintain the existing facilities. These contracts were initiated in 1994. They are still operational awaiting final determination of costs incurred between 1994 and July 1997.

Late in 1996, ODFW requested a change in the contract relationships between BPA and ODFW and PGE. They requested that PGE become the prime contractor for fish production and the BPA requirements be passed through. This arrangement would facilitate the administration of the fish production work since ODFW is already under contract to PGE for the day to day administration and management of the Pelton/Round Butte fish production operations. This change will also allow BPA to bring the budget cycle into alignment with the standard contract year (October to September) while facilitating support of the hatchery operations year (July to June).

The current actions, goals, cost sharing protocols, and requirements of the current contracts between BPA and PGE (95AP34722) and between BPA and ODFW (95BP81756) would be integrated into a new contract with PGE. Funding for the BPA portion of the fish production actions would become a pass through aspect of the new contract with PGE. BPA would retain the responsibility of participating in all meetings in which fish production issues, protocols, requirements, or changes, that may affect a change in the BPA funded program at the Pelton Round Butte facilities, are discussed.

III. Expenses and Costs Eligible for Reimbursement:

The existing and future contracts can be characterized as cost sharing operations and maintenance contracts. It provides for the reimbursement of routine facilities repair, modification and support needed to maintain facility functionality and for the conduct of routine and typical activities associated with the operation of an anadromous fisheries hatchery and an extended rearing operation in Oregon. Specific examples of those actions covered by this contract and the rates or formula for reimbursement are listed below.

Item 1. It has been PGE's practice to provide three vehicles, fuel, and three houses in support of the Round Butte hatchery operations solely for ODFW on site personnel. These personnel, using this equipment, will be responsible for the care and maintenance of the additional spring chinook juveniles at Round Butte Hatchery required by the BPA action. It is appropriate that PGE should be reimbursed for those vehicle, fuel and housing costs that would be associated with care and maintenance of fish to be reared under the BPA action.

BPA and PGE representatives agreed that an equitable reimbursement formula for the PGE directly funded hatchery O&M expenditures would be based on BPA's share of the Round Butte production. Accordingly, BPA will reimburse PGE, after PGE submits a bill with adequate detail to BPA, a sum equal to a percentage of BPA's proportionate share of the annual Round Butte hatchery production as pre-defined annually by ODFW. For example, if the 1995 BPA production is \$6,000, BPA would reimburse PGE \$3000.

Item 2. Occasionally, PGE is called on to provide labor and equipment to repair or modify equipment as related to the Round Butte hatchery facilities. It is reasonable that

PGE should be reimbursed for that labor and equipment directly associated with the care and maintenance of fish to be reared at Round Butte hatchery under the BPA proposed action.

It was agreed that an equitable cost sharing formula would be based on BPA annual share of the Round Butte Hatchery production. For example, each year all ongoing O&M labor and equipment, as directly provided by PGE, will be totaled and BPA will reimburse PGE for these costs, after PGE submits a bill with adequate detail to BPA, a sum equal to a percentage of BPA's proportionate share of the annual Round Butte hatchery production as pre-defined annually by ODFW. It is anticipated that expenditures in this category will normally be minor in nature.

Item 3. PGE routinely inspects and repairs Pelton Ladder. Examples include repair leaking joints, relining the earthen canal, repair of sections damaged by slides, cleaning silt from the bottom of the concrete canal, and maintenance on mechanical screens, controls, motors, etc.

Since BPA and PGE will each be responsible for the operation of a set of three rearing cells in Pelton Ladder, each set containing about the same number of smolts per year, it is reasonable that the operation and maintenance costs of these facilities should be shared equally. Accordingly, BPA shall reimburse PGE 50% of all labor and material costs directly incurred by PGE, after the canal and new fish rearing sections are placed in service, associated with ongoing O&M for the ladder between Pelton Dam to (and including) the fish rearing sections.

Item 4. Occasionally, the PGE inspection team, or others, reports a failure of some component of the three rearing cells containing BPA fish. If it is agreed that emergency repairs are required, that PGE has the expertise, equipment, and is willing to do the work, BPA shall reimburse PGE, contingent on supply of appropriate documentation of services rendered, the full cost of the repairs

Item 5. Occasionally, some facility upgrade or modification to those required for trapping, transporting, holding, spawning, marking, tagging, vaccinating and rearing spring chinook is recommended by ODFW. If BPA and PGE agree these modifications are needed and will result in a more efficient and effective operation, BPA will reimburse PGE, upon receipt of suitable documentation, an amount, proportionate to BPA share of the facility change.

If the work is at the hatchery or the trap, BPA's share will be a sum equal to a percentage of BPA's proportionate share of the annual Round Butte hatchery production as pre-defined annually by ODFW. If the work is at the ladder, BPA's share shall be 50 percent of the total cost of the modification. If the modification or upgrade is of the facilities associated with the three Pelton Ladder cells used to rear BPA fish, BPA shall reimburse PGE 100 percent of the costs incurred.

Item 6. ODFW is contracted by PGE to perform all the activities necessary to operate the Round Butte Hatchery and Pelton Ladder trap and rearing cells to produce those fish needed to meet mitigation requirements. BPA, ODFW, and PGE have agreed that the existing facilities can accommodate those additional spring chinook needed to meet a target of 220,000 age 1 plus smolts (barring unanticipated events and circumstances) for release into systems acceptable to BPA and state and federal fish and wildlife management and regulatory agencies. BPA, ODFW, and PGE have agreed that the costs of rearing these fish should be based on the relative proportion of BPA fish reared. This portion was estimated at 25 percent for the hatchery year of 1996 (July 1, 1996 to June 30, 1997).

PGE has agreed to act as the prime contractor for BPA's fish production at Round Butte Hatchery and Pelton Ladder beginning July 1, 1997. PGE will pass through the billings of ODFW for these actions. ODFW will continue to calculate that percent of the bill which is BPA's share. BPA will reimburse PGE the full amount of the BPA share of the cost of fish production plus a three (3) percent charge for administration. Thus, if the ODFW bill for a month of fish production were \$10,000, BPA would reimburse PGE \$10,300.

IV. General Expectations

The new contract is to become effective July 1, 1997. The performance period shall be for five (5) years and can be terminated upon written notice of either party. We anticipate the contract to remain in force until it no longer meets the needs of both agencies. Any change in the work to be conducted under this contract must be approved, in advance, by BPA's contract officers representative (COR) for this contract. Accordingly, we expect at least two (2) project coordination meetings a year and more if need demands it. It is anticipated that ODFW shall be a party to all coordination meetings addressing operations and annual budgets. BPA and PGE shall have at least one (1) business/contract management meeting a year. Attendance of ODFW at the business/contract management meeting will be at the discretion of PGE.

Special Note

Because the CBFWA project review process is out of sync with the development of an integrated contract with PGE as prime, we are reporting the project description and budgets as two separate projects (9500700 and 8902900) to illustrate the actions proposed for the integrated project (project 8805306).

(Replace this text with your response in paragraph form)

b. Rationale and significance to Regional Programs

(See response to A)

c. Relationships to other projects

This project is one leg of the Hood River Production Program. It ensures that the actions maintain, repair and operate the equipment and facilities needed to produce approximately 220K age 1 plus spring chinook for release into the Deschutes and Hood River are affected. Please refer to Section 8 of projects 8805303, 8805304 and 8902900 for additional information and to response to A)

d. Project history (for ongoing projects)

(See response to A)

e. Proposal objectives

(This is an O&M project of an ongoing hatchery project)

f. Methods

(See response to A.)

g. Facilities and equipment

This project uses existing facilities and equipment with the exception of the addition of three additional extended rearing cells in Pelton ladder and additional incubation facilities. The objective of measure 703 (g) (3) was to expand the production from an already proven action. This was done and there has been three years of successful operation in which the mitigation goals for age 1 plus spring chinook of both PGE and BPA have been met. The Pelton Hydro-electric Project complex has been in operation since the late 1970's.

Facility and equipment upgrades represent an assessment of the effectiveness of the present equipment and facilities and of the technological advances in these equipment and facilities. Safety, and effectiveness of the work place and the ability to provide a high quality product (healthy, fit spring chinook that has better than average survival to adults).

h. Budget

This years budget does not include any equipment purchases or facilities expansion. Thus, it is \$45,000 less than was estimated in previous years.

Section 9. Key personnel

Gary Hackett is the manager of Hydro Support for PGE - Enron. PGE has a staff of approximately 30 professionals, operators, and trades-people to perform the necessary O&M actions at Pelton Hydro-electric Project. PGE has successfully operated these facilities since 1956.

Section 10. Information/technology transfer

This is a facilities O&M contract. No technology transfer is expected.

Congratulations!